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FM AMEMBASSY NEW DELHI
TO RUEHC/SECSTATE WASHDC 3880
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RULSDMK/DEPT OF TRANSPORTATION WASHDC
RHMFIUU/FAA NATIONAL HQ WASHINGTON DC
RUEHRC/DEPT OF AGRICULTURE WASHDC

UNCLAS NEW DELHI 002777

SIPDIS
SENSITIVE

STATE FOR SCA/INS AND EEB
USDOC FOR ITA/MAC/OSA/LDROKER/ASTERN/KRUDD
DEPT PASS TO USTR CLILIEFELD/AADLER/CHINCKLEY
DEPT PASS TO TREASURY FOR OFFICE OF SOUTH ASIA MNUGENT
TREASURY PASS TO FRB SAN FRANCISCO/TERESA CURRAN

E.O. 12958: N/A

TAGS: [EAGR](#) [ECON](#) [ECPS](#) [EFIN](#) [EINV](#) [ENRG](#) [EPET](#) [ETRD](#) [IN](#)

SUBJECT: OPIC-SPONSORED INVESTMENT FUNDS IN INDIA

REF: SECSTATE 103210

¶1. (SBU) This is in response to reftel, seeking Post input into proposed OPIC support of Virgin Green Emerging Markets Fund. First, Post notes that OPIC's investment objective of generating long-term capital and providing capital in the renewable energy and energy efficiency sectors is highly consistent with Government of India (GOI) objectives. The GOI has acknowledged India's need for long-term capital to deepen its financial markets. In addition, the GOI has stated that there is a need for increasing renewable energy production as part of its environmental efforts. The government wishes to see renewable and efficient energy markets develop and grow in India (while at the same time noting the necessity to develop its coal reserves as well).

¶2. (SBU) The need for long-term capital has taken on more urgency in light of recent months' global financial turmoil. India's debt markets are very underdeveloped. While large Indian companies have tapped global markets in the past, that avenue is becoming increasingly closed off, especially for India's newer and smaller sized companies. India's stock markets are losing value, in sync with global market trends, and domestic bank financing is very expensive, averaging 12-14% for the best of companies, leaving few avenues for fledgling renewable energy companies. Overall, Post approves of the Virgin Green Emerging Markets Fund's objectives and potential contribution to financing of alternative energy development in India.

MULFORD